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CANADIAN ALLIED PROPERTY  
NINTH ANNUAL REPORT 1970  
INVESTMENTS LIMITED





# CANADIAN ALLIED PROPERTY INVESTMENTS LIMITED

## NINTH ANNUAL REPORT 1970

### DIRECTORS

The Hon. Frank M. Ross, C.M.G., M.C., K.st.J., LL.D.,  
*President, West Coast Ship Builders Ltd.*

P. R. Brissenden, Q.C.,  
*Partner, Douglas, Symes & Brissenden, Vancouver.*

N. E. Gibson,  
*President, Grosvenor International Limited.*

W. B. Haughan,  
*Chairman, Laing Construction and Equipment Limited.*

J. Little,  
*Vice-President, Laing Construction and Equipment Limited.*

D. S. Mansell, F.R.I.,  
*Chairman, Macaulay Nicolls Maitland & Co. Ltd.*

J. D. Scott,  
*Joint Managing Director, Grosvenor-Laing (B.C.) Limited.*

W. P. Webb,  
*Joint Managing Director, Grosvenor-Laing (B.C.) Limited.*

### OFFICERS

The Hon. Frank M. Ross, C.M.G., M.C., K.st.J., LL.D., *Chairman*

P. R. Brissenden, Q.C., *President*

J. D. Scott, *Secretary*

B. V. Franey, C.A., *Treasurer*

### HEAD OFFICE

10th/11th Floors, 789 West Pender Street, Vancouver, B.C.

### REGISTRAR AND TRANSFER AGENT

The Royal Trust Company, Vancouver, B.C.

### AUDITORS

McDonald, Currie & Co., Vancouver, B.C.,  
*Chartered Accountants*



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INVESTMENTS LIMITED**

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McDonald, Currie & Co., Vancouver, B.C.,  
*Chartered Accountants*

A subsidiary company of Grosvenor-Laing (B.C.) Limited

## REPORT OF THE DIRECTORS

As will be seen from the financial statements, the Company has had a less successful year in 1970. Revenue has increased to an extent which can be regarded as satisfactory, taking into account the difficult trading conditions which have prevailed during the year. However, the increase in expenses has been proportionately greater.

The Directors are pleased to report that a start was made in 1970 on construction of the first major building in Project 200, a thirty floor office tower complex at the foot of Granville Street, Vancouver. It has also been possible to arrange for the commencement of work on Phase 2 of the Guildford Town Centre in 1971.

### MAYFAIR SHOPPING CENTRE

In the report made to the shareholders a year ago, it was indicated that without any considerable enlargement of the retail market, the increasing number of retail outlets in Victoria, B.C. would inevitably result in an overall dilution of trading. These conditions have continued during 1970. In addition trading in Victoria, as in other parts of the Province, was considerably affected by the loss of earnings caused by labour troubles. In view of these factors it is extremely gratifying to be able to report that the overall sales at the Centre for the year showed a satisfactory increase as compared with 1969. This was in addition to the increases which had been obtained in the earlier years of the Centre.

### GUILDFORD TOWN CENTRE

The directors are pleased to be able to report that the sales figures for 1970 for Guildford are also satisfactory.

As already mentioned, it has now become possible to make a start on Phase 2 of the retail area of the Guildford Town Centre. The financing has been arranged and construction contracts are being let. The opening of the extension is scheduled for the summer of 1972.

This second phase will include an Eaton's department store of approximately 120,000 square feet, rental units, fronting an air-conditioned enclosed mall, of a total of approximately 67,000 square feet, some of which will be built on the pedestrian overpass which will span Hjorth Road and link the First and Second Phases of the commercial development, and a Super-Valu food supermarket of approximately 31,000 square feet. The Eaton's department store and its ancillary parking areas will be constructed on land owned by Eaton's which will be leased to your company's wholly-owned subsidiary company, Guildford Development Corporation Limited, and in turn sub-leased together with the improvements by that company to Eaton's. The Super-Valu food supermarket will be constructed on land owned by Kelly, Douglas & Company Limited but will be integrated with the overall Centre.

The directors are particularly pleased that it has been possible to start on the extension, as it is very necessary to maintain the impetus of the development at the Town Centre in view of additional commercial outlets which are also expected to be completed in Surrey in 1972.

The year under review proved to be a very difficult one for the condominium residential project being undertaken by your company. There were serious delays in construction which made it possible only to have the first section of the units ready for sale late in the year. In addition, the real



NIGHT SCENE AT GUILDFORD TOWN CENTRE.

estate market was very depressed during 1970 and particularly in the latter half of the year. As a consequence it was only possible to make a small number of sales in 1970. It is intended to have an extensive sales campaign started in the spring and it is hoped the sales of the units can be completed during 1971.

### PROJECT 200

The years of planning in connection with this waterfront project came to fruition in 1970 and a start was made on the first major phase of development. This comprises the construction of an office tower of thirty storeys above plaza level in front of which will be a landscaped plaza constructed over a two-storey parking garage and parking facilities for more than 375 cars will be provided. It has been decided that this phase will be known as Granville Square. The building is expected to be completed in September 1972. Arrangements for the long term financing of the phase are now being made.

### FINANCIAL MATTERS

Although property rentals of \$1,509,909 show a slight improvement over the 1969 figure of \$1,483,591, the rate of growth is reduced by comparison with previous years. In view of the present uncertainty as to the eventual outcome of the sales campaign for the condominium housing project, no profit has been recorded on the units sold during 1970.

As referred to in note 3 to the financial statements, it was decided during 1970 to increase the charge for depreciation of the Mayfair Shopping Centre. This, together with

cost increases relating to the future development of the Guildford area as well as existing operations, caused a reduction in net earnings from \$129,332 in 1969 to \$88,158 in 1970. Earnings per share were reduced from 19.9c in 1969 to 13.6c in 1970.

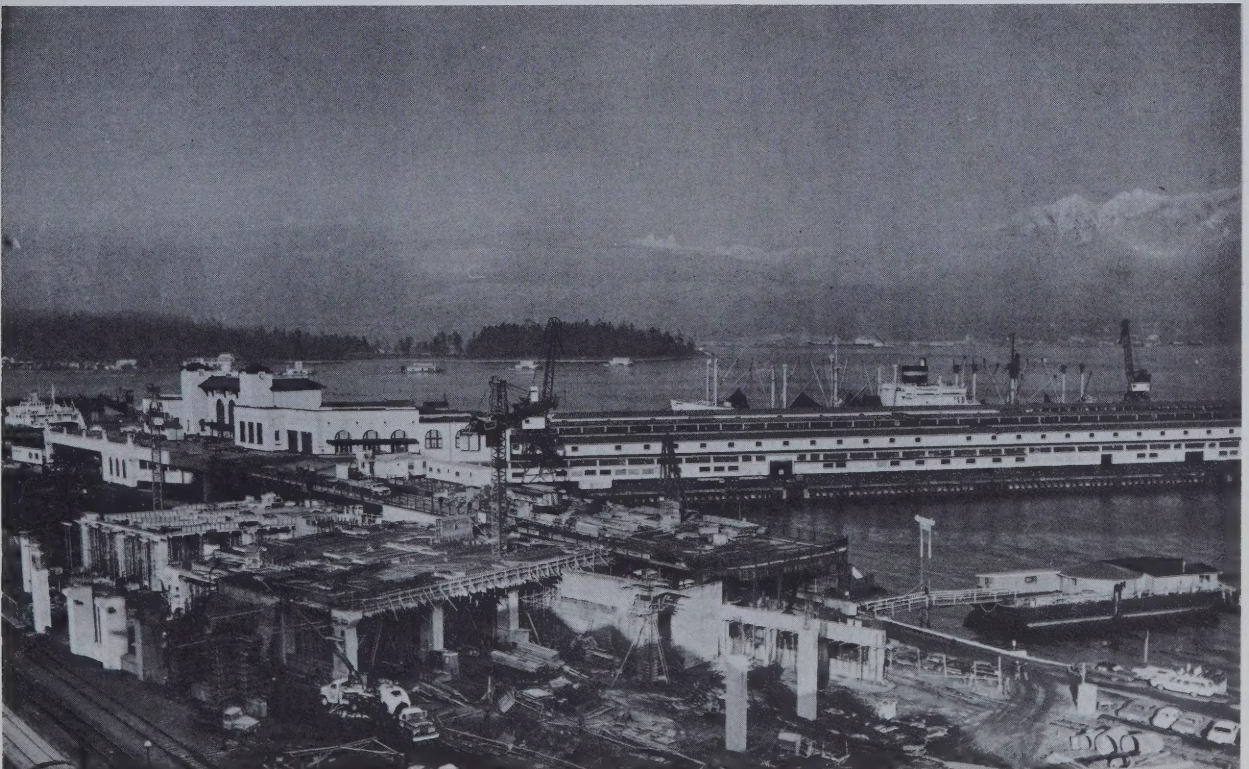
During 1970, further advances totalling \$508,016 were made to Project 200 Investments Limited in connection with the Granville Square development. As was the case with all previous advances, this amount was matched by other shareholders of Project 200 Investments Limited in proportion to each of the shareholdings in that company.

The subsidiary company, Mayfair Shopping Centre Limited, was able to take advantage of the depressed state of the bond market which existed during part of 1970 by acquiring for cancellation a substantial number of its own bonds at extremely favourable prices. The discount earned upon redemption of these bonds, amounting to \$74,298, has been reflected within the Consolidated Statement of Retained Earnings. As a result of these redemptions, both the 1971 and 1972 sinking fund requirements of the bond issue in question have been met in full.

On behalf of the Board of Directors,

P. R. Brissenden, President

Vancouver, British Columbia, 23 March, 1971.



GRANVILLE SQUARE, THE FIRST MAJOR DEVELOPMENT IN PROJECT 200, UNDER CONSTRUCTION.

# CANADIAN ALLIED PROPERTY INVESTMENTS LIMITED

and its wholly-owned subsidiary companies

## ASSETS

### CURRENT ASSETS

	1970	1969
Cash .....	\$ 4,106	\$ 5,945
Amounts due from parent company .....	32,849	98,000
Accounts receivable (note 5) .....	168,024	182,811
Construction in progress (note 2) .....	2,811,825	874,861
Other .....	2,520	2,521
	<u>3,019,324</u>	<u>1,164,138</u>

### INVESTMENTS AND ADVANCES (notes 6 and 7)

	Common shares - at cost	Advances		
Project 200 Properties Limited .....	400	325,000	325,400	325,400
Project 200 Investments Limited .....	230	597,716	597,946	89,930
	<u>630</u>	<u>922,716</u>	<u>923,346</u>	<u>415,330</u>

### FIXED ASSETS (notes 3 and 5)

Land, buildings and development work in progress - at cost .....	14,489,087	14,488,834
Fixtures and equipment - at cost .....	64,162	63,672
	14,553,249	14,552,506
Accumulated depreciation .....	1,352,967	1,058,788
	<u>13,200,282</u>	<u>13,493,718</u>

### ORGANIZATION AND FINANCING EXPENSE - at cost less amortization

103,067	106,418
<u>\$17,246,019</u>	<u>\$15,179,604</u>

Signed on behalf of the Board

F. M. Ross, *Director*

P. R. Brissenden, *Director*

# CONSOLIDATED BALANCE SHEET *as at December 31, 1970*

## LIABILITIES

### CURRENT LIABILITIES

	1970	1969
Bank loan (note 4) .....	\$ 457,500	\$ 363,033
First mortgage loans on construction in progress (note 2) .....	1,891,020	
Accounts payable and accrued expenses .....	713,606	900,245
Amounts due to parent company .....	189,660	154,184
Security deposits .....	27,344	26,984
Current portion of long-term indebtedness (note 5) .....	<u>94,099</u>	<u>173,736</u>
	3,373,229	1,618,182

LONG-TERM INDEBTEDNESS (note 5) .....	9,255,088	9,169,487
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### DEFERRED REVENUE

Unexpired portion of long-term lease prepayment .....	195,960	202,584
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DEFERRED INCOME TAXES .....	<u>370,941</u>	<u>301,033</u>
	<u>13,195,218</u>	<u>11,291,286</u>

## SHAREHOLDERS' EQUITY

### CAPITAL STOCK

Authorized—		
1,000,000 shares with a nominal or par value of \$5 each		
Issued and fully paid—		
650,000 shares .....	3,250,000	3,250,000

RETAINED EARNINGS .....	<u>800,801</u>	<u>638,318</u>
	<u>4,050,801</u>	<u>3,888,318</u>
	<u>\$17,246,019</u>	<u>\$15,179,604</u>

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Canadian Allied Property Investments Limited and its wholly-owned subsidiary companies as at December 31, 1970 and the consolidated statements of earnings, retained earnings and source and use of working capital for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1970 and the results of their operations and the source and use of their working capital for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, B.C.  
March 10, 1971

McDONALD, CURRIE & CO.  
Chartered Accountants

**CANADIAN ALLIED PROPERTY INVESTMENTS LIMITED***and its wholly-owned subsidiary companies***CONSOLIDATED STATEMENT OF EARNINGS***for the Year ended December 31, 1970***REVENUE**

Property rentals .....  
Interest income .....

**1970**

\$ 1,509,909  
33,007  
1,542,916

**1969**

\$ 1,483,591  
5,431  
1,489,022

**EXPENSES**

Depreciation (note 3) .....  
Interest on mortgage indebtedness .....  
Other interest .....  
Amortization of financing expense .....  
Other .....

294,179

676,705

3,351

382,720

1,356,955

251,571

671,284

4,592

3,352

295,017

1,225,816**EARNINGS BEFORE INCOME TAXES** .....

185,961

263,206

**PROVISION FOR INCOME TAXES** — Current .....  
— Deferred .....

27,868

69,908

133,874

**NET EARNINGS FOR THE YEAR** .....\$ 88,185\$ 129,332

The following expense is included in the foregoing:

Directors' remuneration .....

\$ 9,514\$ 8,572**EARNINGS PER SHARE** .....13.6c19.9c**CANADIAN ALLIED PROPERTY INVESTMENTS LIMITED***and its wholly-owned subsidiary companies***CONSOLIDATED STATEMENT OF RETAINED EARNINGS***for the Year ended December 31, 1970***BALANCE - BEGINNING OF YEAR** .....**1970**

\$ 638,318

**1969**

\$ 505,346

Net earnings for the year .....

88,185

129,332

Discounts earned on redemption of bonds .....

74,298

3,640

**BALANCE - END OF YEAR** .....\$ 800,801\$ 638,318

# CANADIAN ALLIED PROPERTY INVESTMENTS LIMITED

*and its wholly-owned subsidiary companies*

## CONSOLIDATED STATEMENT OF SOURCE AND USE OF WORKING CAPITAL

*for the Year ended December 31, 1970*

### SOURCE

	1970	1969
Operations (note 8) .....	\$ 448,999	\$ 508,743
Term bank loan .....	399,700	
Fixed asset disposals .....	129,237	
Prepayment of long-term lease .....		211,970
Discounts earned on redemption of bonds .....	74,298	3,640
	<u>1,052,234</u>	<u>724,353</u>

### USE

Payments on and provision for current portion of mortgage indebtedness—		
Payment on mortgage bonds .....	220,000	
Principal instalments due within one year (note 5) .....	94,099	173,736
Prepayment of future years' principal instalments .....		13,000
	<u>314,099</u>	<u>186,736</u>
Fixed asset additions .....	129,980	181,734
Investment in and advances to Project 200 Investments Limited .....	508,016	80,730
Investment in and advances to Project 200 Properties Limited .....		13,050
Organization and financing expense .....		67
	<u>952,095</u>	<u>462,317</u>

INCREASE IN WORKING CAPITAL .....	100,139	262,036
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WORKING CAPITAL DEFICIENCY - BEGINNING OF YEAR .....	<u>454,044</u>	<u>716,080</u>
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WORKING CAPITAL DEFICIENCY - END OF YEAR .....	<u>\$ 353,905</u>	<u>\$ 454,044</u>
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### REPRESENTED BY:

Current assets .....	3,019,324	1,164,138
Current liabilities .....	<u>3,373,229</u>	<u>1,618,182</u>

WORKING CAPITAL DEFICIENCY - END OF YEAR .....	<u>\$ 353,905</u>	<u>\$ 454,044</u>
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# CANADIAN ALLIED PROPERTY INVESTMENTS LIMITED

*and its wholly-owned subsidiary companies*

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

*for the Year ended December 31, 1970*

### 1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of all subsidiaries, namely Mayfair Shopping Centre Limited, Guildford Development Corporation Limited, Third Properties Limited and Guildford Properties Limited.

### 2. CONDOMINIUM PROJECT

(a) Construction in progress

Construction in progress is valued at cost less proceeds from disposals. The company does not intend to recognize profits on disposals until all condominium units have been sold.

(b) First mortgage loans

As each condominium unit is sold, the related first mortgage loan will be assumed by the purchaser.

### 3. DEPRECIATION

The anticipated economic life of the Mayfair Shopping Centre Limited buildings has been revised which has necessitated an increase in their rate of depreciation. As a result, the net earnings for the year have been reduced by \$22,574.

### 4. SECURITY FOR BANK LOAN

The bank loan is secured to the extent of approximately \$375,000 by a pledge of the balance of the proceeds of approved mortgage loans.

### 5. LONG-TERM INDEBTEDNESS

	Maturity	1970	1969
6¾ % First (Closed) Mortgage Sinking Fund Bonds of Mayfair Shopping Centre Limited .....	October 1, 1988	\$3,193,000	\$3,499,000
7½ % First Mortgage Loan of Guildford Development Corporation Limited .....	July 1, 1992	4,754,187	4,841,923
Term bank loan of Guildford Development Corporation Limited .....	See below	<u>1,402,000</u>	<u>1,002,300</u>
		9,349,187	9,343,223
Less principal instalments due within one year shown as current liabilities .....		<u>94,099</u>	<u>173,736</u>
		<u>\$9,255,088</u>	<u>\$9,169,487</u>

The bonds of Mayfair Shopping Centre Limited are secured by a general charge on the undertaking and a specific charge on the real property of that company. The principal payments required to retire the bonds commenced with \$69,000 in 1964 and increase to \$305,000 by 1988, causing the total annual payments of principal and interest to be approximately \$325,000. The 1971 and 1972 principal repayments of \$107,000 and \$113,000, respectively, had been fully satisfied prior to December 31, 1970, so that there is no current portion due at December 31, 1970.

The first mortgage loan of Guildford Development Corporation Limited is secured by that portion of that company's land occupied by the existing Guildford Shopping Centre and is payable in semi-annual instalments of \$215,594, combining principal and interest.

The term bank loan of Guildford Development Corporation Limited is secured by the following:

(a) second mortgages on the land and buildings comprising the existing Mayfair and Guildford Shopping Centres,

- (b) a first mortgage on the land at Guildford other than that which comprises the existing shopping centre and that required for immediate development,
- (c) the accounts receivable of Guildford Development Corporation Limited,
- (d) hypothecation of all of the issued shares of the subsidiary companies referred to in note 1 other than Guildford Properties Limited.

Interest is payable at a rate which is  $1\frac{1}{4}\%$  above the minimum lending rate of the company's bankers, and the principal is payable on or before December 31, 1972.

## 6. COMMITMENT

In connection with the company's investment in Project 200 Investments Limited, the company has agreed to make further advances to Project 200 Investments Limited to finance the development of the office building complex known as Granville Square, Vancouver, in an amount proportionate to its shareholding in that company. This amount is expected not to exceed \$3,753,000. However, long-term financing of the project is now being arranged by Project 200 Investments Limited and on the closing of this financing the company's further obligation is expected to be reduced to \$73,000.

Under the proposed long-term financing the company and the other shareholders of Project 200 Investments Limited will be required to enter into a Completion Agreement under which they will jointly and severally covenant to complete the project and to make any necessary funds available. This covenant is not expected to increase the company's obligation as stated.

## 7. CONTINGENT LIABILITIES

In the event that certain conditions embodied in a development agreement entered into by Guildford Development Corporation Limited are not met, the company may be required to repurchase property sold during 1968, at the price paid by the purchaser, \$473,315, plus carrying costs.

Canadian Allied Property Investments Limited has guaranteed certain borrowings of Project 200 Investments Limited in proportion to its investment in that company through its subsidiary Third Properties Limited. As at December 31, 1970 the guarantee amounted to approximately \$400,200. It is expected that this guarantee will be released in the near future.

## 8. WORKING CAPITAL FROM OPERATIONS

Working capital provided by operations is as follows:

	1970	1969
Net earnings for the year .....	\$ 88,185	\$ 129,332
Items included in net earnings which are not a (source) or use of working capital		
Depreciation .....	294,179	251,571
Amortization of financing expense .....	3,351	3,352
Deferred income taxes .....	69,908	133,874
Portion of long-term lease prepayment .....	(6,624)	(9,386)
	<u>\$ 448,999</u>	<u>\$ 508,743</u>

